Here are some of the major tax benefits for small businesses:

Faster Writeoffs for Certain Capital Expenditures: Many small businesses that invest in new property and equipment can write off most or all of these purchases on 2009 returns. The new law extended the special 50% depreciation allowance (known as bonus depreciation) and increased limits on the Section 179 deduction. Businesses normally recover these capital investments through annual depreciation deductions spread over several years; the recovery legislation enables businesses to write them off more quickly. The bonus depreciation provision generally enables small businesses to deduct half the cost of qualifying property in the year it is placed in service, whereas the Section 179 deduction enables businesses to deduct up to $250,000 of the cost of machinery, equipment, vehicles, furniture and other qualifying property placed in service during 2009. (The existing $25,000 limit still applies to sport utility vehicles.) A special phase-out provision effectively targets the Section 179 deduction to small businesses and generally eliminates it for most larger businesses.

Expanded Net Operating Loss Carryback: Many small businesses that had expenses exceeding their incomes for 2008 can choose to carry those losses back for up to five years, instead of the usual two years. For small businesses that were profitable in the past but lost money in 2008, this could mean a special tax refund. The option is available for a small business with no more $15 million in average gross receipts over a three-year period. This option is still available for most eligible taxpayers, but only for a limited time. A corporation that operates on a calendar-year basis, for example, must file a claim by Sept. 15, 2009. For eligible individuals, the deadline is Oct. 15, 2009.

Exclusion of Gain on the Sale of Certain Small Business Stock: The recovery legislation provides an extra incentive for individuals who invest in small businesses. Investors in qualified small business stock can exclude 75% of the gain upon sale of the stock. This increased exclusion applies only if the qualified small business stock is acquired between Feb. 17, 2009 and Jan. 1, 20011 and then held for more than five years. The exclusion rate for previously-acquired stock remains 50% in most cases.

Estimated Tax Requirement Modified: Many individual small business taxpayers may be able to defer, until the end of the year, paying a larger part of their 2009 tax obligations. For 2009, eligible individuals can make quarterly estimated tax payments equal to 90% of their 2009 tax or 90% of their 2008 tax, whichever is less. Individuals qualify if they received more than half their gross income from their small businesses in 2008 and meet other requirements.

COBRA Credit: Employers that provide the 65% COBRA premium subsidy to eligible former employees can claim credit on their quarterly or annual employment tax returns. To avoid an unnecessary burden on cash flow, affected employers can reduce their employment tax deposits by the amount of the credit.